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Dirección General de Mercados e Inversores
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Madrid

COMUNICACIÓN DE HECHO RELEVANTE

CEDULAS TDA 18, FONDO DE TITULIZACIÓN DE ACTIVOS Descenso de la Calificación de Banco Popular por Fitch Ratings

Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A. comunica el siguiente Hecho Relevante:

- I. Respecto al Fondo arriba mencionado y de acuerdo con la información publicada por Fitch Ratings el día 6 de julio, el rating de la entidad Banco Popular, ha sido rebajado a largo plazo de A a A-, y el rating a corto plazo ha sido rebajado de F1 a F2. Este hecho afecta a Banco Popular como contrapartida del contrato de la cuenta de depósito de la Línea de Liquidez del fondo. Por lo tanto, y al objeto de mantener la calificación de los bonos emitidos por el Fondo, se iniciarán los procesos necesarios de acuerdo a los criterios de la agencia de calificación.

- II. Adjuntamos nota de prensa de Fitch, por la que se comunican a esta Sociedad Gestora el descenso de la calificación de la mencionada entidad.

En Madrid a 14 de julio de 2011

Ramón Pérez Hernández
Director General



Fitch Downgrades Banco Popular to 'A-'; Outlook Negative

06 Jul 2011 11:48 AM (EDT) Fitch Ratings-Barcelona/London-06 July 2011: Fitch Ratings has downgraded Spanish-based Banco Popular Espanol S.A.'s (Popular) Long-term Issuer Default Rating (IDR) to 'A-' from 'A' and Short-term IDR to 'F2' from 'F1'. The Outlook on the Long-term IDR is Negative. At the same time, Fitch has taken rating actions on the bank's Portuguese subsidiary, Banco Popular Portugal, SA. A full rating list is at the end of this commentary.

The downgrade of Popular's IDRs is based on Spain's weak economic conditions and prospects, which may lead to slower growth in the bank's core banking business of SMEs over the medium term, and its comparatively high exposure to the Spanish real estate development sector. These factors will continue to challenge the bank's asset quality and profitability for the rest of 2011 and 2012, as Popular's performance is highly-correlated with that of the Spanish economy. In addition, deposit competition and more challenging funding conditions in the wholesale markets could put further pressure on margins, despite more active spread management and the effect of interest rate rises on assets.

The Negative Outlook reflects that Popular's ratings could be downgraded if the bank does not actively manage its real estate exposure, in particular the largest risks, and/or if its earnings are unable to absorb expected large credit costs for real estate assets, while upholding sound profitability.

In 2010/Q111, Popular's pre-impairment operating profitability remained sound benefiting from its solid SME domestic franchise, which supports its wider-than-peers margins, and good cost efficiency. Credit impairment charges are high. One-off capital gains have helped to absorb credit impairments made ahead of time.

Popular's loan book is mostly to domestic SMEs (69% of total loans) and individuals (22%), which brings granularity. Real estate exposure, which includes loans and foreclosed assets, accounted for 18% of total assets, and is concentrated by name. At end-Q111, Popular's impaired/total loans ratio was 6.6% (11.4%, with gross foreclosures) and coverage levels stood at 42% for impaired loans and 29% for foreclosed assets. Land exposure was 3% of total loans and 42% of foreclosed assets, somewhat lower than peers.

Popular's funding mix has improved thanks to an increased level of funds from the retail branch network (79% of total loans) and lower access to the European Central Bank (ECB) funds. Despite EUR6.4bn maturing in 2012, market funding maturities seem manageable given, so far, selective access to the markets, albeit at higher rates. Popular has a large pool of unencumbered assets of EUR11.5bn, of which EUR5.5bn relates to its own securitisations and covered bonds. However, the latter would mostly be used for securing short-term funding.

Popular has remained well-capitalised over the years, due to internal capital generation and its relatively large tangible equity base. At end-Q111, its Fitch core capital/weighted risks ratio was sound at 7.6% (8.2%, if early convertible bonds in December 2011 are included). However, this level of capital has to be viewed in the context of its risk profile.

Popular is Spain's fifth-largest banking group by total assets and has a market share of deposits of about 5%. It offers a wide range of retail banking services for SMEs and individuals through a widespread 2,224 branch network, including 251 in Portugal and the US.

The rating actions on Popular and its Portuguese subsidiary are as follows:

Banco Popular:

Long-term IDR: downgraded to 'A-' from 'A'; Outlook Negative
Short-term IDR: downgraded to 'F2' from 'F1'
Individual Rating: affirmed at 'B/C'
Support Rating: affirmed at '2'
Support Rating Floor: affirmed at 'BBB'
Commercial paper: downgraded to 'F2' from 'F1'
Senior unsecured debt: downgraded to 'A-' from 'A'
Subordinated debt: downgraded to 'BBB+' from 'A-'
Preference shares: downgraded to 'BBB-' from 'BBB'
State-guaranteed notes: affirmed to 'AA+'

The above rating actions have no impact on the ratings of the covered bonds of this issuer.

BPE Financiaciones, S.A.

Long-term senior unsecured debt: downgraded to 'A-' from 'A'
Short-term senior unsecured debt: downgraded to 'F2' from 'F1'

Banco Popular Portugal SA (BPP):

Long-term IDR: downgraded to 'A-' from 'A'; Outlook Negative
Short-term IDR: downgraded to 'F2' from 'F1'
Support Rating: affirmed at '1'

BPP's IDRs are in line with those of the parent reflecting the extremely high probability of support in case of need.

The rating impact from the above rating actions on BPP on its covered bonds will be detailed in a separate comment.

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Additional information is available at www.fitchratings.com.
Applicable criteria 'Global Financial Institutions Rating Criteria' dated 13 August 2010, 'Rating Hybrid Securities' dated 29 December 2009, 'Equity Credit for Hybrids & Other Capital Securities - Amended' dated 29 December 2009, 'Short-term Ratings Criteria for Corporate Finance' dated 2 November 2010 and Recovery Ratings for Financial Institutions date 30 December 2009, are available on www.fitchratings.com.

Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria
Rating Hybrid Securities
Equity Credit for Hybrids & Other Capital Securities - Amended
Short-Term Ratings Criteria for Corporate Finance
Recovery Ratings for Financial Institutions

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